

ORDINANCE NO. 08-10

ORDINANCE OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA AMENDING CHAPTER 70 ENTITLED "RETIREMENT AND PENSIONS", ARTICLE IV. EMPLOYEES GENERAL RETIREMENT SYSTEM, OF THE CODE OF ORDINANCES, AND IN PARTICULAR, BY REVISING DIVISION 7. TITLED "DEFERRED RETIREMENT OPTION PROGRAM (DROP)" TO EXTEND A DROP TO GENERAL EMPLOYEES WITH A MINIMUM OF 25 YEARS OF CIVIL SERVICE AND COMBINED AGE AND YEARS OF SERVICE OF 70 POINTS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING PENALTIES FOR VIOLATION HEREOF; PROVIDING FOR INCLUSION IN CODE; PROVIDING FOR A SEVERABILITY CLAUSE AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the general purpose and intent of this ordinance is to allow all eligible members of the City's retirement system to join the City's Deferred Retirement Option Program (DROP) by extending the same benefit to general employees that was provided to firefighters and sworn police officers pursuant to Hialeah, Fla., Ordinance 07-25 (Mar. 1, 2007) as amended by Hialeah, Fla., Ordinance 07-59 (June 30, 2007); and

WHEREAS, the extension of the DROP to general employees was negotiated as part of the Collective Bargaining Agreement that was ratified by the bargaining unit and later approved by the City Council pursuant to Hialeah, Fla., Resolution 07-149 (Dec. 12, 2007); and

WHEREAS, the City of Hialeah has received and reviewed an Actuarial Impact Statement concerning these retirement incentives and finds that it is in the best interest to establish a DROP plan for general employees; and

WHEREAS, AFSCME Local 161; IAFF, Local 1102; and the Dade County Police Benevolent Association, as union representatives of their respective bargaining units, consent to or did not object to, the inclusion of eligible general employees into the DROP; and

WHEREAS, the Board of Trustees of the Employees General Retirement System reviewed and recommended approval of this ordinance at a meeting on January 15, 2008.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HIALEAH, FLORIDA, THAT:

Section 1: Chapter 70 entitled "Retirement and Pensions", Article IV. Employees General Retirement System, of the Code of Ordinances of the City of Hialeah, Florida, is hereby amended by revising Division 7. Deferred Retirement Option Program (DROP), to read as follows:

Chapter 70

RETIREMENT AND PENSIONS

* * *

**ARTICLE IV. EMPLOYEES GENERAL RETIREMENT
SYSTEM**

* * *

**DIVISION 7. DEFERRED RETIREMENT OPTION
PROGRAM (DROP) ~~FOR SWORN POLICE OFFICERS AND
FIREFIGHTERS.~~**

Sec. 70-261. Eligibility.

A member ~~who is a firefighter or a sworn police officer~~ of the City's retirement system who is employed by the City may enter into the Deferred Retirement Option Program (DROP), on the first day of any month following completion of 25 years of membership service credit, provided that the sum of the member's age and years of service is 70 points or more. The member must have actually worked for at least 25 years in civil service and the member shall not be allowed to buy time in order to be eligible for the DROP. The maximum duration for participation in the DROP shall not exceed 36 months, and participation will end if the employee resigns, dies, or is terminated for good cause prior to completion of the 36 months. Participation in the DROP shall not violate section 70-237(2)(b) of the Hialeah Code.

Sec. 70-262. Written election.

A member electing to participate in the DROP must complete and execute the proper forms supplied by the board of trustees.

Election in the DROP is irrevocable once DROP payments begin. As a condition of participating in the DROP, the eligible member must agree to terminate City employment at the conclusion of the DROP period, and must submit a letter of resignation to the City, which letter shall be coupled with an interest and shall be irrevocable, prior to entering the DROP.

Sec. 70-263. Payments to DROP account.

A member's monthly retirement benefits, consistent with the member's election at time of retirement concerning the amount and form of benefit, and any future periodic cost-of-living increases, which would have been payable had the member elected to cease employment and receive a normal retirement benefit, shall be paid into the member's DROP account.

Sec. 70-264. Limitation on future contributions.

A member may participate in the DROP only once, and after commencement in the DROP, such member shall never have the right to be a contributing member of the retirement system again. After commencement of participation, the employee shall be ineligible for disability benefits under sections 70-67 and 70-248. If the member dies while participating in the DROP, a lump sum payment equal to the member's account balance shall be paid to the member's named beneficiary or, if none, to the member's estate. Any survivor benefits selected by the member shall also be payable.

Sec. 70-265. Cessation of contributions by member and city.

Upon the effective date of a member's commencement of participation in the DROP, the member's contributions to the annuity savings fund shall cease and the contributions assumed or paid by the city to the pension reserve fund shall cease.

Sec. 70-266. Benefit calculation.

For purposes of calculating a member's service pension, the average final compensation and credited service of a member participating in the DROP shall remain as existed on the effective date of commencement of participation in the DROP.

Sec. 70-267. DROP account earnings.

A participant's DROP account shall earn regular interest equal to the interest on contributions credited to the annuity savings fund each year according to section 70-172. Such interest shall be credited to each participant's DROP account annually at the end of the fiscal year.

Sec. 70-268. Payout.

On or before January 31st of the year following the member's termination of employment or death, the member's entire DROP account shall be distributed to the member (or in the event of the death, to the member's designated beneficiary or estate) in a cash lump sum, unless the member elects to have all or any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the member. Regardless of the option selected by the member, the board of trustees reserves the right to accelerate or defer payments to comply with the Internal Revenue Code. The DROP is intended to comply with the Internal Revenue Code and the board of trustees shall take no action that would jeopardize the tax qualification of the plan.

Sec. 70-269. Administrative rules.

The board of trustees shall make such other rules as necessary to administer the DROP.

Section 2: Repeal of Ordinances in Conflict.

All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.

Section 3: Penalties.

Every person violating any provision of the Code or any ordinance, rule or regulation adopted or issued in pursuance thereof shall be subject to a civil penalty not to exceed \$500.00 within the discretion of the court or administrative tribunal having jurisdiction. Each act of violation and each day upon which any such violation shall occur shall constitute a separate offense. In addition to the penalty prescribed above, the city may pursue other remedies such as abatement of nuisance, injunctive relief, administrative adjudication and revocation of licenses or permits.

Section 4: Inclusion in Code.

The provisions of this ordinance shall be included and incorporated in the Code of Ordinances of the City of Hialeah, as an addition or amendment thereto, and the sections of this ordinance shall be renumbered, as appropriate, to conform to the uniform numbering system of the Code.

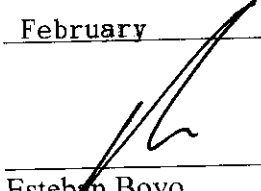
Section 5: Severability Clause.

If any phrase, clause, sentence, paragraph or section of this ordinance shall be declared invalid or unconstitutional by the judgment or decree of a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs or sections of this ordinance.

Section 6: Effective Date.

This ordinance shall become effective when passed by the City Council and signed by the Mayor or at the next regularly scheduled City Council meeting, if the Mayor's signature is withheld or if the City Council overrides the Mayor's veto.

PASSED AND ADOPTED this 12th day of February, 2008.



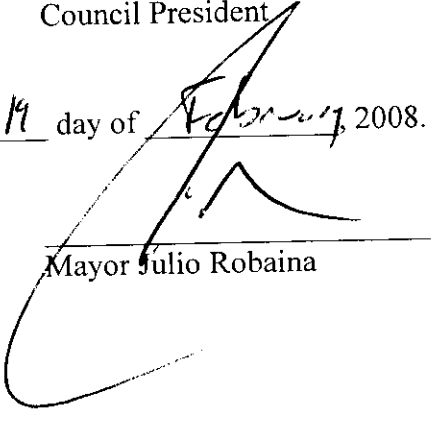
Esteban Bovo
Council President

Attest:



Rafael E. Granado, City Clerk

Approved on this 19 day of February, 2008.



Mayor Julio Robaina

Approved as to form and legal sufficiency:



William M. Grodnick, City Attorney

~~Strikethrough~~ indicates deletion. Underline indicates addition.

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Ordinance was adopted by a unanimous vote with Councilmembers Bovo, Caragol, Casals-Muñoz, Garcia-Martinez, Gonzalez, Hernandez, and Yedra voting "Yes".

William M. Grodnick
City Attorney

Telephone:
(305) 883-5854

Telecopier:
(305) 883-5896



City of Hialeah

December 28, 2007 (Corrected)

Assistant City Attorneys

Lorena E. Bravo
Karen H. Callejo
Saidin M. Hernandez
Rafael E. Granado
Alan E. Krueger
Robert Lloyd-Still
Melissa Negron


Alan W. Voorhees
Chair
Board of Trustees
City of Hialeah Employees' Retirement System
P. O. Box 40
Hialeah, Florida 33011

Dear Mr. Voorhees:

On December 11, 2007, the City Council approved the Collective Bargaining Agreement with the Hialeah Civil Service Employees Association-AFSCME, Local 161, and the City wherein the parties agreed to revise the Retirement Code to provide the DROP for general employees and to provide the same disability health insurance benefits and individual health insurance benefits to general employees that were granted to firefighters and sworn police officers.

The City is submitting two proposed ordinances providing for changes to Chapter 70, the Retirement Code, to effectuate the negotiated changes for the general employees. On March 29, 2007, Jose I. Fernandez, who was then the consulting actuary for the Board, submitted an Actuarial Impact Statement in which he calculated the increase for the implementation of the DROP attributable to the general employees in the amount of \$136,061. The other changes relating to health insurance have no adverse impact to the Retirement System since changes affect payments made directly to the City of Hialeah for health insurance. To the extent that some employees may elect to receive a disability pension of 66 2/3rds %, rather than 75%, based on health insurance considerations, this could result in a favorable impact to the Retirement System.

Sincerely yours,


William M. Grodnick

cc: Ms. Andrews, Plan Administrator
Stephen H. Cypen, Esq.

RECEIVED

MAR 30 2007

March 29, 2007

Mr. Alex Vega, CPA, MST
OMB Director
City of Hialeah
501 Palm Avenue
Hialeah, Florida 33010

OFFICE OF THE MAYOR

**Actuarial Impact Statement: City of Hialeah Employees' Retirement System –
Implementation of DROP Plan**

Dear Alex:

As requested, we have updated the pricing provided in our letter dated August 31, 2006 to split the results by General Employees and Police/Fire employees. Attached, please find the an Exhibit detailing the results of this split.

The original pricing resulted in an estimated cost increase of \$464,339 per year (or \$116,084 per quarter). That amount has been allocated in the following way:

- \$136,061 of the increase is attributable to General Employees
- \$328,278 of the increase is attributable to Police and Fire employees.

All of the assumptions disclosed in our letter from last August still apply here – the results have not been revised in any way other than to split them among the employee groups. However there are certain parts of the contribution calculation that are not calculated on a per-employee basis. In particular, assets, and unfunded liability payments are not calculated individually. Instead these elements of the contribution calculation are computed for the plan as a whole. As a result, we have allocated these amounts to each group based on the proportion of liability generated by that group. Different allocation techniques might result in different results.

Please let us know if you have questions or concerns about these results.

Sincerely,



Jose I. Fernandez
Principal, Consulting Actuary

Enclosure

P:\Retirement\Hialeah\2007\Correspondence\DROP split between GE&PF.doc

cc: Jennifer Beattie – Buck Consultants, an ACS Company
David Campbell – Buck Consultants, an ACS Company

City of Hialeah Employees' Retirement System SUMMARY OF DROP PRICING RESULTS

	Final Results As of October 1, 2005	Final Results (Gen) As of October 1, 2005	Final Results (F&P) As of October 1, 2005	Drop Pricing As of October 1, 2005	Drop Pricing (Gen) As of October 1, 2005	Drop Pricing (F&P) As of October 1, 2005
1. Number of Members						
a. Active Members:						
i. General employees	765	765	0	765	765	0
ii. Police officers & firefighters	621	0	621	621	0	621
iii. Sub-total	1,386	765	621	1,386	765	621
b. Deferred Vested Members	84	58	26	84	58	26
c. Retired Members:						
i. Non-disabled	804	437	367	804	437	367
ii. Disabled	200	77	123	200	77	123
iii. Beneficiaries	21	17	4	21	17	4
iv. Sub-total	1,025	531	494	1,025	531	494
d. Total Members	2,495	1,354	1,141	2,495	1,354	1,141
2. Total Annual Compensation	\$60,364,488	\$27,650,271	\$32,714,217	\$60,364,488	\$27,650,271	\$32,714,217
3. Total Retired Member Benefits	\$29,760,789	\$12,474,264	\$17,286,525	\$29,760,789	\$12,474,264	\$17,286,525
4. Annual Cost						
a. Entry Age Normal Accrued Liability	\$507,134,721	\$209,947,415	\$297,187,306	\$510,312,415	\$210,970,073	\$299,342,342
b. Actuarial Value of Assets	(\$462,096,761)	(\$191,303,438)	(\$270,793,323)	(\$462,096,761)	(\$191,035,422)	(\$271,061,339)
c. Unfunded Accrued Liability	\$45,037,960	\$18,643,977	\$26,393,983	\$48,215,654	\$19,934,651	\$28,281,003
d. Unfunded Liability Payment	\$2,434,474	\$1,007,848	\$1,426,626	\$2,695,832	\$1,114,484	\$1,581,348
e. Entry Age Normal Cost	\$10,469,991	\$4,177,165	\$6,292,826	\$10,626,443	\$4,192,715	\$6,433,728
f. Total Annual Cost (not less than \$0)	\$12,904,465	\$5,185,013	\$7,719,452	\$13,322,275	\$5,307,199	\$8,015,076
5. Annual Cost (as a % of Payroll after interest adjustment)						
a. Unfunded Liability Payment	4.48%	4.05%	4.85%	4.96%	4.48%	5.37%
b. Entry Age Normal Cost	19.28%	16.79%	21.38%	19.56%	16.85%	21.86%
c. Total Annual Cost (not less than 0%)	23.76%	20.84%	26.23%	24.52%	21.33%	27.23%
6. Minimum Required City Contribution						
a. Total Annual Cost	\$12,904,465	\$5,185,013	\$7,719,452	\$13,322,275	\$5,307,199	\$8,015,076
b. Interest Adjustment	\$1,437,119	\$577,434	\$859,685	\$1,483,648	\$591,042	\$892,606
c. Total Minimum Required Contribution	\$14,341,584	\$5,762,447	\$8,579,137	\$14,805,923	\$5,898,241	\$8,907,682
d. Share Plan Contribution	(\$461,877)	(\$191,212)	(\$270,665)	(\$461,877)	(\$190,945)	(\$270,932)
e. Minimum Required City Contribution	\$13,879,707	\$5,571,235	\$8,308,472	\$14,344,046	\$5,707,296	\$8,636,750
Payable per period	\$3,469,927	\$1,392,809	\$2,077,118	\$3,586,012	\$1,426,824	\$2,159,188
				\$464,339	\$136,061	\$328,278

* Payments are assumed to be made at the beginning of each quarter in the fiscal year.

Cost increase attributable to DROP:



THE VOICE OF LAW ENFORCEMENT

DADE COUNTY POLICE BENEVOLENT ASSOCIATION, INC.

January 14, 2008

William Grodnick, Esq.
City Attorney
City of Hialeah
501 Palm Avenue
Hialeah, FL 33010

RE: Retirement Benefits

Dear Mr. Grodnick:

I am in receipt of your letter regarding the proposed changes to the retirement for AFSCME employees. You have indicated that the changes serve to increase AFSCME employees' benefits to match those of Hialeah police officers. While the PBA applauds an increase to the benefits of any of our union brethren, we maintain, especially in this age of violence against police officers, that law enforcement takes a special place within any government and that police officers be treated commensurately with the added danger and import to any municipality's population.

That being said, while we do not object to the changes proposed to the AFSCME unit, we look forward to sitting at the table with you as the expiration of the current collective bargaining agreement approaches in order to work together to insure that your police officers maintain the complete employment package required to adequately provide for the safety of your citizens with the best possible law enforcement unit.

Sincerely,

Andrew M. Axelrad
General Counsel

January 10, 2008


William Grodnick
City Attorney

Dear Mr. Grodnick:

In reference to your letter dated December 28, 2007.

Hialeah Local 161 has no objection to the proposed changes to the Retirement Code.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mayda Mir", with a horizontal line drawn underneath it.

Mayda Mir
Vice President
Acting President

file

January 10, 2005

City of Hialeah
Mr. William Grodnick
City Attorney
501 Palm Avenue
Hialeah, FL. 33010

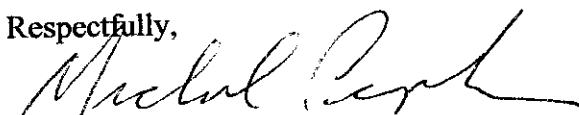
Dear Mr. Grodnick,

Consider this letter as fulfilling the requirements as set forth in section 70-98 (b) of the City of Hialeah Code.

We are hereby notifying you that we are in agreement with the changes set forth in the proposed Ordinance amending Chapter 70 of the City of Hialeah Code of Ordinances, as it relates to AFSCME general employees, entitling them to D.R.O.P. participation. We further agree to changes for disability health insurance options ordinance pertaining to general employees.

If you have any questions regarding this issue please do not hesitate to contact me.

Respectfully,



Michael Peeples
President
IAFF Local 1102